

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY MONROVIA

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E.O. 11652: N/A

TAGS: BDIS, ENRG, LI

SUBJECT: AFRICA OIL CORP

REF: MONROVIA 4408

1. DEPARTMENT PASSED SUBSTANCE OF REFTEL ON GOL-AFRICA OIL
CORP. DISPUTE TO MS. SANDY HANZEL OF AFRICA OIL CORP. ON
JUNE 19, AND IS ALSO ADVISING LIBERIAN EMBASSY OF SITUATION.

2. FYI: MS HANZEL BELIEVES THE CONTAMINATION PROBLEM IS
NOW AN INSURANCE MATTER. AFRICA OIL HAS DOCUMENTATION
THAT JET FUEL CARGO MET ALL SPECIFICATIONS AT TIME IT
WAS LOADED AT ROTTERDAM, AND SPECULATES IT COULD ONLY
HAVE BEEN CONTAMINATED IN SHIP'S HOLDS, AT TIME OF
TRANSFER IN LIBERIA, OR IN LIBERIAN STORAGE TANKS THEMSELVES.
ST. KATERINEN, THE TRANSPORT SHIP, IS ONE-YEAR OLD GERMAN
FLAG SHIP, AND MS. HANZEN DOES NOT BELIEVE IT COULD BE
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THE SOURCE OF CONTAMINATION. SHE STATES THAT LIBERIANS
WILL NEED STRONG DOCUMENTARY EVIDENCE BEFORE CLAIM WOULD BE
ACCEPTED BY INSURER.

3. AS BACKGROUND TO CONTRACT, CENTURY, INC. IS A TWO-MAN
LIBERIAN CORPORATION WITH CLOSE TIES TO THE LIBERIAN
COMMERCE MINISTRY. CENTURY HAD CONTACTED AFRICAN OIL TO

ACT AS ITS AGENT IN LIBERIA, AND SHORTLY THEREAFTER AFRICAN OIL SUBMITTED A BID TO DELIVER PETROLEUM PRODUCTS. THE GOL MADE A COUNTEROFFER WHICH AFRICAN OIL ADVISED CENTURY IT COULD NOT ACCEPT; UNBEKNOWNST TO IT, HOWEVER, CENTURY DID ACCEPT THE BID. TEN DAYS ELAPSED. THE LIBERIANS EXPERIENCED A CRITICAL SHORTAGE AND REQUESTED JET FUEL FROM AFRICAN OIL THROUGH CENTURY. ACCORDING TO MS. HANZEL OIL PRICES ARE VERY VOLATILE, AND AFRICAN OIL WAS FORCED TO MAKE A BID HIGHER THAN THE ORIGINAL. THE LIBERIANS ACCEPTED THE SECOND BID. THE FIRST SHIPMENT ON THIS BID IS THE ONE WHICH THE LIBERIANS CLAIMED WAS CONTAMINATED.

4. AFRICAN OIL BELIEVES IT HAS A VALID LEGAL CONTRACT WITH THE GOL ON WHICH THE GOL HAS RENEGED. IT HAS REFERRED THE MATTER TO ITS LAWYERS WHO BELIEVE THEY HAVE A STRONG CASE, BUT MS. HANZEL INDICATED AFRICAN OIL MAY BE WILLING TO DISCUSS COMPROMISE. END FYI. VANCE

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